

Message Text

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C O N F I D E N T I A L MOSCOW 2045

EXDIS

DEPT FOR SONNENFELDT

DEPARTMENT PLEASE PASS:

TREASURY FOR SECRETARY SIMON

AGRICULTURE FOR YEUTTER

CIEP FOR GENERAL DUNN

USDOC WASHDC

E.O. 11652 GDS

TAGS: EEWT ETRD EFIN US UR

SUBJ: FIRST PLENARY SESSION--MEETING OF EXPERTS

REF: STATE 33517

1. FIRST PLENARY SESSION SUBJECT MEETING HELD IN MFT
WEDNESDAY FEB 12. ATMOSPHERE OF MEETING WAS CORDIAL AND
FRIENDLY THROUGHOUT WITH BOTH SIDES IN GENERAL AGREEMENT.
OBJECTIVES OF WORKING GROUP UNDER LONG TERM AGREEMENT.

2. WG AGREED ON FOLLOWING AGENDA:

A) ORGANIZATIONAL AND PROCEDURAL MATTERS;

B) EXCHANGE OF INFORMATION

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AND FORECASTS OF THE BASIC ECONOMIC,

INDUSTRIAL AND COMMERCIAL TRENDS IN ORDER TO ASSIST RELEVANT ORGANIZATIONS, ENTERPRISES AND FIRMS OF BOTH SIDES IN DETERMINING THE FIELDS OF COOPERATION MOST LIKELY TO PROVIDE A BASIS FOR MUTUALLY BENEFICIAL CONTRACTS;

C) OTHER MATTERS.

3. IN OPENING REMARKS, MANZHULO REVIEWED PROGRESS MADE IN EXPANSION OF COMMERCIAL RELATIONS BETWEEN THE TWO COUNTRIES SINCE AGREEMENTS OF 1972, BUT EMPHASIZED EXPANSION GREW ON ASSUMPTION THAT ENTIRE SPHERE OF US-SOVIET RELATIONS WOULD BE BUILT ON NON-DISCRIMINATORY BASIS. HE STRESSED ADOPTION OF TRADE AND CREDIT LEGISLATION DISCRIMINATORY TO USSR COMPLICATED DEVELOPMENT OF OUR TRADE, BUT SOVIET FTOS WOULD NOT REPEAT NOT DISCONTINUE BUSINESS OR STOP NEGOTIATIONS WITH US COMPANIES.

4. WITH RESPECT TO SUBJECT MEETING, MANZHULO INDICATED THAT SOVIETS APPROACH FIRST WG MEETING WITH SAME CONSTRUCTIVE SPIRIT AS BEFORE, AND HOPED THAT FACT OF MEETING WOULD CONFIRM INTENTIONS OF BOTH SIDES TO IDENTIFY FIELDS OF COOPERATION. HE ADDED THAT ONE HAS TO BEAR IN MIND POTENTIALS FOR TRADE DEPEND TO DECISIVE EXTENT ON ELIMINATION OF TARIFF AND CREDIT RESTRICTIONS, BUT STRESSED IT DOES NOT MEAN WE HAVE TO STOP AND WAIT FOR SUCH MOMENT. HE INDICATED TASKS OF WG IS TO CONTINUE WORKING TO FIND WAYS FOR MUTUALLY BENEFICIAL COOPERATION. MANZHULO ALSO STATED THAT WORK OF WG WAS NOT MEANT TO BE DONE JUST AT SESSIONS BUT INTENDED TO BE CONTINUOUS CONSTRUCTIVE WORK ASSIGNED TO IT BY JOINT COMMISSION.

5. ASSISTANT SECRETARY PARSKY RESPONDED BY ASSURING THE SOVIETS THAT US SIDE SUPPORTS AND ENCOURAGES AND WANTS TO PROVIDE CREATIVE MECHANISMS FOR EAST-WEST TRADE. HE POINTED OUT THAT WHILE WE HAVE RECENTLY ENCOUNTERED DIFFICULTIES, POTENTIAL REMAINS TO BUILD ON EXCELLENT PROGRESS WE HAVE ALREADY ACHIEVED.

6. WITH RESPECT TO TASK OF WG, PARSKY STRESSED IMPORTANCE OF SETTING IN MOTION FRAMEWORK FOR INCREASED EXCHANGE OF CONFIDENTIAL

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INFORMATION, AND EXPRESSED DESIRE TO USE INITIAL MEETING TO ESTABLISH SOLID AND BROAD BASE OF INFORMATION EXCHANGE UPON WHICH WE CAN BUILD MUTUALLY BENEFICIAL SPECIALIZED EXCHANGES OVER PERIOD OF TIME.

7. IN PARTICULAR, PARSKY PROPOSED COMPREHENSIVE PROGRAM OF INFORMATION EXCHANGE TO INCLUDE OVER NEXT YEAR FOUR AREAS OF MAJOR INTEREST:

A) EXCHANGE OF TEAMS OF SPECIALISTS SUCH AS MARKET RESEARCH TEAM;

B) EXCHANGE OF ECONOMIC, INDUSTRIAL AND FOREIGN TRADE DATA, AND WAY IN WHICH COMPILED AND DISSEMINATED;

C) EXCHANGE OF INFORMATION ON MAJOR INDUSTRIAL PROJECTS;

D) EXCHANGE OF INFORMATION ON PROCEDURAL AND ORGANIZATIONAL MATTERS.

PARSKY ALSO SUGGESTED THAT SUBGROUPS COULD BE ESTABLISHED AS NEEDED TO IMPLEMENT PROGRAM. OTHER FORMS OF EXCHANGE SUGGESTED BY PARSKY WERE SEMINARS, JOINT CONSULTATIONS, PANELS, AND JOINT STUDIES OF RELEVANCE TO LONG-TERM COOPERATION. MANZHULO INDICATED GENERAL AGREEMENT WITH IDEA OF CONTINUOUS EXCHANGE OF INFORMATION BUT WILL CLOSELY CONSIDER PROPOSAL WITH REGARD TO METHOD OF IMPLEMENTATION OF INFORMATION EXCHANGE.

8. IN PRIVATE MEETING BETWEEN PARSKY, MANZHULO, ET. -), MANZHULO SUGGESTED LAST TWO WEEKS IN APRIL AS PATOLICHEV'S PREFERENCE FOR COMMISSION MEETING, WITH APRIL 22-29 FIRST CHOICE. AGENDA PROPOSED BY PARSKY ACCEPTABLE TO MANZHULO.

9. INPRIVATE DISCUSSION WITH MANZHULO ON EXPERTS MEETING, PARSKY STRESSED NEED TO ESTABLISH FRAMEWORK OF ACTIVITY WHICH WILL BEAR USEFUL CONSEQUENCES. PARSKY RAISED EXCHANGE PROGRAM PROPOSAL WHICH WAS GNERALLY WELL RECEIVED BY MANZHULO WHO MENTIONED AS ONLY RESERVATION DIFFICULTY OF ARRANGING FREQUENT MEETINGS OVER SUCH LONG DISTANCES. BOTH AGREED ON NEED TO WORK NOT ONLY AT WG SESSIONS BUT CONFIDENTIAL

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ALSO IN BETWEEN THEM.

10. MANZHULO REQUESTED ADVICE AS TO HOW BEST TO WORK ON US-SOVIET TRADE RELATIONS IN VIEW OF TRADE ACT. PARSKY ASSURED HIM THAT US SIDE IS DETERMINED TO MOVE FORWARD IN OUR ECONOMIC RELATIONS AND WG AND JOINT COMMISSION MUST PROVIDE ELEMENT OF STABILITY.

11. IN PRIVATE MEETING BETWEEN PARSKY, BELL, KUZMIN', MANZHULO, ET. AL., KUZMIN SPECIFICALLY ASKED FOR PARSKY'S ASSESSMENT OF OUTCOME OF PROBLEM OF MFN AND LEGISLATIVE RESTRICTIONS. PARSKY EMPHASIZED NEED TO EXPLAIN TO CONGRESS AND AMERICAN PEOPLE BENEFITS OF US-USSR RELATIONS, NOTING THAT WITH GREATER UNDERSTANDING WE CAN PROCEED TO ACHIEVE GOALS BOTH ARE SEEKING. PARSKY DID NOT OFFER TIMETABLE FOR

ANY NEW LEGISLATIVE PROPOSALS OR EVEN SUGGEST THAT SUCH
WOULD BE FORTHCOMING.

12. PARSKY RAISED QUESTION OF SOVIET DECISION TO EXCHANGE
SHIPMENT OF OLD CROP 1974 WHEAT FOR NEW CROP 1975 CORN,
KUZMIN STATED VIEW THAT US SIDE SHOULD NOT EXAGGERATE A
TRANSACTION SO SMALL. DEPUTY ASSISTANT SECRETARY BELL
POINTED OUT THAT RECENT WHEAT/CORN EXCHANGE HAD EFFECT
RAISING QUESTION REGARDING PROCEDURES ONCE SOVIETS BEGIN
BUYING LARGER QUANTITIES OF NEW CROP 1975 US GRAIN.
PARSKY POINTED OUT THAT WHEN SECRETARY SIMON WAS HERE IN
OCTOBER, IT WAS AGREED TO WORK TOWARD EXCHANGE OF
INFORMATION. KUZMIN DECLARED THAT AT PRESENT SOVIETS DO
NOT KNOW PLANS FOR PURCHASING AGRICULTURAL PRODUCTS BUT
ADDED THAT EFFORTS WERE BEING MADE TO EXCHANGE AGRICULTURAL
DATA IN WORKING GROUP UNDER AGRICULTURAL AGREEMENT.

13. PARSKY MET PRIVATELY WITH SVESHNIKOV, HEAD OF USSR
STATE BANK, WHO SPECIFICALLY STATED THAT AS RESULT OF
RESTRICTIVE LEGISLATION MANY QUESTIONED WHETHER US WAS
SINCERELY INTERESTED IN ECONOMIC AND TRADE RELATIONS
WITH SOVIET UNION. IT WAS A SIGNIFICANTLY STRONGER
STATEMENT THAN WHAT PARSKY HEARD FROM ANYONE FROM FOREIGN
TRADE MINISTRY. PARSKY RESPONDED AS HE DID WITH MANZHULO
AND MEETING WENT VERY WELL.
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